

## V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

)  
 ) VIRGINIA GAS  
 ) AND OIL BOARD

) DOCKET NO.  
) **06/10/17-1744**

[illegible]

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on October 17, 2006, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser appeared for the Applicant.
3. Jurisdiction and Notice: Pursuant to Va. Code § 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has represented to the Board that it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code § 45.1-361.19 to notice of this application; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as owners of Gas interests underlying Subject Drilling Unit, including those who have not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be

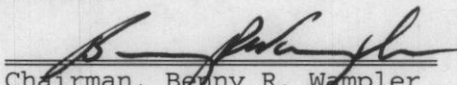
published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: **None.**
5. Dismissals: **NONE.**
6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. V-501828.
7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. V-501828, 2156.09 feet from proposed Well No. V-502030, and 2270.43 feet from proposed Well No. P-446 at the location depicted on the Plat attached hereto;
8. Special Findings: The Board specifically and specially finds:
  - 8.1 Applicant is Equitable Production Company a West Virginia Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 8.2 Applicant Equitable Production Company is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
  - 8.3 Applicant claims ownership of Conventional Gas leases of **100%** percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same, i.e., Well No. V-501828 as well as from reciprocal wells, i.e., Well V-502030 & P-446.
  - 8.4 The proposed Well V-501828 is located on a surface, coal, oil and gas tract consisting of 404.50 acres known as Pine Mountain Oil & Gas Inc., Tract T2-224, and the surface, coal, gas and oil owner has consented to the proposed location for Well V-501828 that is depicted on the Plat attached hereto as Exhibit A;
  - 8.5 The Applicant testified it has the right to operate and develop the reciprocal Wells V-502030 & P-446, and that the granting of the application filed herein will not impact the correlative rights of any person;
  - 8.6 An exception to the well spacing requirements of Va. Code § 45.1-361.17 for Well V-501828 is necessary to efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and the Board's granting of the requested location exception is in the best interest of preventing the waste of 350 million cubic feet of Conventional Gas underlying Subject Drilling Unit, and to generally effect the purposes of the Virginia Gas and Oil Act;




- 8.7 Applicant proposes the drilling of Well No. V-501828 to a depth of 5451 feet on the Subject Drilling Unit at the location depicted in Exhibit A to produce all the Mississippian and Devonian age formations including, but not limited to, Base Lee Sand, Ravenclyff, Maxon, Little Lime, Big Lime, Top Weir, Base Weir, Sunbury, Berea, Cleveland, Upper Huron, Middle Huron, Lower Huron and Olentangy, from surface to a total depth of 5451 feet (Subject Formations");
- 8.8 Applicant proposes to drill Well V-501828 a distance of 343.91 feet closer to Gas Well V-502030, and a distance of 229.57 feet closer to Gas Well P-446 than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well V-501828 for the purpose of producing Conventional Gas;
- 9 Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
10. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
11. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
12. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.
13. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 17<sup>th</sup> day of April, 2007 by a majority of the Virginia Gas and Oil Board.

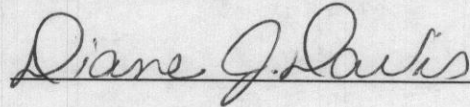
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 17<sup>th</sup> day of April, 2006 by Order of this Board.

  
B. R. Wilson  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA       )  
COUNTY OF WASHINGTON   )

Acknowledged on this 17th day of April, 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they individually executed the same and was authorized to do so.



Notary Public

My commission expires: September 30, 2009



TOTAL UNIT AREA  
= 112.69 ACRES

— DENOTES MINERAL LINE  
- - - DENOTES SURFACE LINE  
- - - DENOTES SURFACE & MINERAL LINES

STATE PLANE  
NAD 27 COORDINATES  
OF WELL V-501828  
317449.07  
858857.97  
LAT 37.140239  
LON -82.415998

THE PURPOSE OF THIS PLAT IS TO SHOW  
THE PROPOSED WELL COORDINATES AND ELEVATION  
SURFACE OWNERSHIP AND MINERAL OWNERSHIP ARE  
BASED ON PRELIMINARY INFORMATION AND MAY BE  
SUBJECT TO CHANGE BEFORE PLAT IS FINALIZED

LATITUDE 37°10'00"

CCC COORDINATES  
OF WELL V-501828  
N 14668.93  
W 9495.57

LONGITUDE 82°22'30"



9627'

11956'

V-501828

N89°19'18"E  
2156.09'

PROPOSED  
V-502030

4

5

6

3

1

2

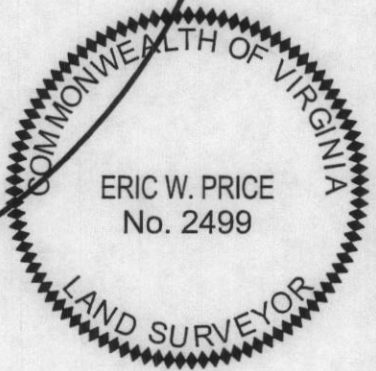
COORDINATES  
OF BENCH MARK  
S 77498.41  
E 22826.48  
ELEV. = 1754.09

NOTE !!!

WELL COORDINATES ARE BASED ON CLINCHFIELD  
COAL COMPANY'S COORDINATE SYSTEM  
CLINCHFIELD COAL COMPANY COORDINATES ARE  
CALCULATED FROM STATE PLANE WELL COORDINATES.  
PROPERTY INFORMATION PROVIDED BY EQUITABLE  
PRODUCTION COMPANY.  
ELEVATIONS ARE BASED ON NGS CONTROL ST. PAUL 2.

P-446

S14°36'39"W  
2270.43'



NOTE !!

SEE WELL PLAT SUPPLEMENT  
SHEET 2 FOR TRACT INFORMATION.

### WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER V-501828

TRACT No. LEASE NO. 241640/T2-224 ELEVATION 1932.61 (GPS) QUADRANGLE CLINTWOOD

COUNTY DICKENSON DISTRICT CLINTWOOD SCALE: 1" = 400' DATE AUGUST 23, 2006

THIS PLAT IS A NEW PLAT x; AN UPDATED PLAT   ; OR A FINAL LOCATION PLAT   

PROPOSED TOTAL DEPTH OF WELL =                     

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1 TO  
24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

Eric W. Price  
LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

8-23-06

(AFFIX SEAL)

①

LEASE No. 241640 / T2-224  
HAGAN-RINER  
404.50 ACRES  
HEARTWOOD FORESTLAND FUND IV, LP - surface  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - oil & gas  
GAS 73.74 AC. 65.44%

②

LEASE No. 241640 / T2-16  
F.S. STRATTON  
219.79 ACRES  
HEARTWOOD FORESTLAND FUND IV, LP - surface  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - oil & gas  
GAS 1.83 AC. 1.62%

③

LEASE No. 241640 / T2-15  
W.S. VANOVER  
32.70 ACRES  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - oil & gas  
GAS 17.11 AC. 15.18%

④

LEASE No. 241640 / T2-225  
SOLOMON FLEMING  
18.40 ACRES  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - oil & gas  
GAS 3.40 AC. 3.02%

⑤

LEASE No. 244054L  
M.J. FLEMING  
805.89 ACRES  
STEINMAN DEVELOPMENT Co. - coal, oil & gas  
GAS 8.23 AC. 7.30%

⑥

LEASE No. 241640 / T2-17  
J.W. FLEMING  
50.49 ACRES  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - oil & gas  
GAS 6.82 AC. 6.05%



THOMPSON & LITTON

312 Clintwood Main Street  
Suite 201  
P.O. Box 1869  
Clintwood, Virginia 24228

**EQUITABLE PRODUCTION COMPANY**  
**WELL No. V-501828**  
**WELL PLAT SUPPLEMENT**  
**SHEET 2**

PROJECT No.:  
V-501828

SCALE: 1" = 400'

DATE: AUGUST 23, 2006



BEFORE THE VIRGINIA GAS AND OIL BOARD

Applicant:	Equitable Production Company	)	
		)	
Relief Sought:	Well Location Exception	)	
	Well Number V-501828	)	Docket Number:
		)	VGOB-06/10/17-1744
Legal Description:	Pine Mountain Oil & Gas Inc.	)	
	Tract T2-224	)	
	Clintwood Quadrangle	)	
	Clintwood District	)	
	Dickenson County, Virginia	)	

APPLICATION

1. Parties:

1.1 Applicant herein is Equitable Production Company, whose address for the purposes hereof is Cloverleaf Square, Building B, Big Stone Gap, Virginia 24219, Telephone: (276) 523-5003. The attorney for Applicant is James E. Kaiser, WILHOIT & KAISER, whose address is 220 Broad Street, Suite 202, Kingsport, Tennessee, 37660, Telephone: (423) 578-3838.

1.2 Applicant is the owner of the right to develop and produce oil and gas from all formations, from surface to total depth drilled in accordance with the permit submitted by applicant and located within the Clintwood District of Dickenson County, Virginia, and underlying the lands depicted at Exhibit "A" attached hereto and made a part hereof and to appropriate the oil and gas produced therefrom.

2. Allegation of Facts:

2.1 Applicant has proposed a plan of development and operation of the formations underlying the drilling unit involved herein and depicted at Exhibit "A" and has proposed to commence such plan of development and operation of such unit by a conventional gas well, designated as Well Number V-501828, to be drilled upon the lands involved herein so as to produce oil and gas from such unit.

2.2 That the unit depicted at Exhibit "A" hereof is subject to statewide spacing as provided under Virginia Code Annotated Section 45.1-361.17 (A) (2). This section provides that "wells drilled in search of gas shall not be located closer than 2500 feet to any other well completed in the same pool." In consideration of all known conditions, it is the opinion of the Applicant that such distance limitation is not feasible for the unit described in Exhibit "A", because of topographic constraints.

2.3 That to prevent waste, protect correlative rights and provide for the maximum safe recovery of the mineral resources underlying the Commonwealth, the Board should allow for an exception to the distance limitation and statewide spacing.

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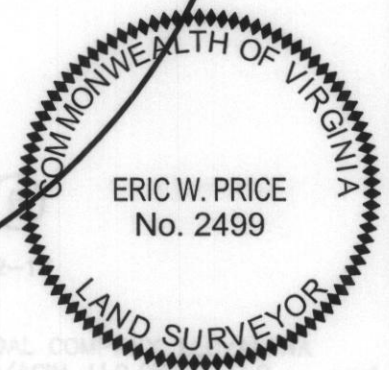
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P-446



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